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## Thailand

### Grain and Feed

### Rice Crop Survey

**2007**

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**Report Highlights:**

MY 2006/07 white rice production in the north and central regions of Thailand is estimated to decline slightly from previous year levels due to damage caused by last year's flooding. However, tight supplies will likely ease in the second quarter of 2007 in anticipation of bumper second crops.

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The north (17 provinces) and the central (19 provinces) are major growing areas for white rice, accounting for about 70 percent of total white rice production in Thailand. Current white rice supplies are tight due to main crop production shortfalls caused by last year's flooding. MY 2006/07 main-crop white rice production in the north and central regions is expected to decline by 3-5 percent from last year. However, white rice supplies will likely ease by the end of March as bumper second-crop production is expected in the north and central regions, which account for around 95 percent of total second-crop white rice production.

### Reduced Harvest of Main-Crop White Rice in the North

MY 2006/07 main crop production in the north, accounting for around 30 percent of total main-crop white rice production, will likely decline by 3 percent due to the damage from tropical depressions (Typhoon Prapiroon in early August and Typhoon Xangsane in late September). The damaged areas from flooding are estimated at around 600,000 rai (96,000 hectare), most of which are in major growing areas in the lower northern provinces. However, second-crop cultivation is in good condition. Second-crop production is forecast to increase by 4 percent from last year in response to acreage expansion and average yield improvement.

### Estimated Paddy Production in the North

Unit: Million Ton

	2004/05	2005/06	2006/07
Main Crop	4.9	4.9	4.8
Second Crop	2.0	2.3	2.4
<b>Total</b>	<b>6.9</b>	<b>7.2</b>	<b>7.2</b>

The upper northern provinces are also major growing areas of premium glutinous rice, accounting for around 30 percent of total glutinous rice production. Despite little damage from flooding, production is expected to decline slightly as farmers shifted to fragrant rice cultivation due to attractive intervention prices which were set by the previous government. Planted areas of glutinous rice declined significantly over the past two years.

Current prices of glutinous rice reach the record high of around 10,000 baht/ton (U.S. \$280/MT), unusually well above those for fragrant rice. The surge in glutinous prices is partly due to strong demand from China in the previous year. As a result, current second-crop cultivation progresses with acreage expansion in glutinous rice. Half of planted areas are expected to be glutinous rice cultivation, compared to typical 30 percent of total second crop's planted areas in the upper northern provinces.

### Tight Supplies in the Central until April 2007

Central provinces are also major growing area of white rice, accounting for around 40 percent of total white rice production. MY 2006/07 main crop production is expected to

### Estimated Paddy Production in the Central

Unit: Million Ton

	2004/05	2005/06	2006/07
Main Crop	4.7	4.7	4.5
Second Crop	3.6	4.1	4.2
<b>Total</b>	<b>8.3</b>	<b>8.8</b>	<b>8.7</b>

decline by 4-5 percent due to the damage from flooding. The damaged areas from flooding are estimated to be 500,000 rai (80,000 hectare), most of which are in upper central areas. In addition, one to two months of flooding in some provinces in the mid-central areas caused a delay in second-crop cultivation until January 2007. However, second-crop production is expected to increase significantly in anticipation of average yield improvement

and less damage from insects. Second-crop white rice production in the central areas

accounted for around 60 percent of total second-crop white rice production. Bumper second crop supplies are expected in April 2007. Domestic white rice prices will likely remain high at current levels in the first quarter of 2007, unless the Government releases white rice intervention stocks.

### Upward Pressure of White Rice Export Prices in 2007

Total white rice production is expected to decline slightly from the previous year due to the damage from flooding in the north and central regions. Meanwhile, foreign demand for Thai white rice will likely remain strong in 2007, particularly from the Middle East and Asian countries as Vietnamese rice supplies are also reportedly tight. Export prices for Thai white rice are expected to be higher than the previous year's average prices of U.S. \$312/MT for premium white rice. However, the price difference between Thai rice and Vietnamese rice will be lower as the interim Thai Government is less aggressive in the intervention policy. Also, the Government plans to reduce intervention stocks of white rice accumulated over the past two years of around 2-3 million tons.

In 2006, despite a contraction in low-quality rice exports, Thai white rice exports increased slightly due to a sharp increase in premium white rice exports, particularly to Iran and Iraq. A contraction of medium and low-quality rice exports reflected the high domestic price of Thai rice caused by the aggressive intervention program of the previous government. Most buyers, particularly from Asian and African countries, shifted to relatively cheaper Vietnamese rice.

### Thai White Rice Exports by Quality

Unit: Metric Ton

Quality	2004	2005	2006
<b>Fragrant Rice</b>	<b>2,251,052</b>	<b>2,268,467</b>	<b>2,571,552</b>
<b>White Rice</b>	<b>7,638,363</b>	<b>4,733,568</b>	<b>4,533,952</b>
100%	1,747,079	956,192	1,393,890
5%	1,545,721	791,193	751,063
10%	244,904	17,689	3,109
15%	1,262,260	621,808	278,764
20-25%	262,685	135,167	79,926
Broken Rice	284,551	258,518	262,025
Cargo Rice	89,720	84,522	103,498
Parboiled Rice	2,201,443	1,868,479	1,661,677
<b>Glutinous Rice</b>	<b>202,083</b>	<b>268,209</b>	<b>269,667</b>
<b>Total</b>	<b>10,091,498</b>	<b>7,270,244</b>	<b>7,375,171</b>

Source: Thai Board of Trade

End of Report